

**STATE OF WISCONSIN
DEPARTMENT OF EMPLOYEE TRUST FUNDS
801 West Badger Road
Madison, WI 53702**

CORRESPONDENCE MEMORANDUM

DATE: February 11, 2003 DRAFT

TO: Employee Trust Funds Board
Teachers Retirement Board
Wisconsin Retirement Board

FROM: Shelly Schueller

SUBJECT: Year 2002 Benefit Annuity Statistics

Attached for your review and comment are the Year 2002 Wisconsin Retirement System (WRS) annuity statistics. The report provides information on the retirement benefit annuity and disability benefit annuity applications approved by the Boards throughout the Year 2002, and is intended to provide you with a baseline for better understanding of trends in WRS benefits. This summary has two main parts:

1. Retirement annuity summary data and graphs. This section contains the total number retirement benefit estimates requested and new retirement annuity benefits started in 2002, along with a breakdown by option type selected and information on whether the formula benefit or the money purchase benefit yielded a higher annuity. It contains the total number of benefits at the maximum formula benefit, and a breakdown of annuities by fund type (fixed or variable), employer, and gender. It also includes data on retirement annuity terminations by type of termination and the gross annuity payments paid out by ETF in 2002. Finally, it has data on beneficiary annuities started in 2002.

2002 Retirement Annuity Highlights

- Retirement benefit estimate requests were completed for 15,800 participants.
 - 19,000 retirement annuities were started.
 - The two most popular retirement benefit options were "Life with 180 Payments Guaranteed" and "100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed."
 - 26% of retirement annuities started included a variable component.
 - Money purchase annuities represent 63% of new retirement annuities; 37% were formula annuities.
 - Local government employees started 53% of new retirement annuities; state government retirees accounted for 47% of new retirement annuities.
 - 53% of new retirement annuities were started by women and 47% by men.
2. Disability annuity summary data and graphs. This section contains information similar to the retirement benefit summary, except that it is specific to the disability annuity

programs. It has the number of disability benefit applications started in 2002 by option type selected and by gender. It also includes a breakdown of applications submitted to the Department by determination, by age, and by disability type.

2002 Disability Annuity Highlights

- The Department completed disability benefit estimate requests for 913 participants.
- 366 disability benefit annuities were started.
- For both the disability annuity benefits approved by the Teachers Board and the Wisconsin Retirement Board, the two most popular benefit options were “Life with 180 Payments Guaranteed” and “100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed.”

TEACHERS BOARD DETAILS

- 75% of Teachers Board disability applications (106) were approved. 2% were denied, terminated, or cancelled. 9% of Teacher Board disability applications were withdrawn.
- 63% of Teachers Board disability annuities were started for women and 36% were started for men.
- 37% of Teachers Board disability applications came from participants aged 51-55, 20% from participants aged 56-60 and 19% from participants aged 46-50.
- 63% of Teacher Board disability applications had one of three disabilities:
Mental illness: 30%
Cancer: 22%
Multiple medical problems: 11%

WISCONSIN RETIREMENT BOARD DETAILS

- 84% of Wisconsin Retirement Board (WRB) disability applications (238) were approved. 1% were terminated or cancelled, 5% were denied, and 3% of WRB disability applications were withdrawn.
- 52% of WRB disability annuities were started for women and 48% were started for men.
- 29% of WRB disability applications came from participants aged 51-55, 24% from participants aged 46-50, and 23% from participants aged 56-60.
- The top three disabilities listed on WRB applications were:
Orthopedic problems: 20%
Multiple medical problems: 14%
Cancer: 13%

This first year-end summary includes data that the Department is currently able to extract from WEBS and other ETF computer systems. Year-to-year comparisons of this information will be included after 2003. The Department anticipates expanding these statistical reports when the Benefit Payment System is completed.

Please let me know if you have any suggestions for additional information that you would like to see on this year-end report. My direct phone number is (608) 266-6611, you may call me toll-free by dialing 1-877-533-5010, ext. 6-6611, or send me an e-mail at Shelly.Schueller@etf.state.wi.us